



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of
LUIS P. SALAVERIA
Director

Department of Business, Economic Development and Tourism
before the

HOUSE COMMITTEE ON FINANCE

April 27, 2015 at 2:00 p.m.
State Capitol, Room 308

In consideration of

**S.C.R. 8, S.D. 1 APPROVING THE SALE OF THE LEASED FEE INTEREST IN
41-665 INOAOLE STREET, WAIMANALO, HAWAII;**

**S.C.R. 9 APPROVING THE SALE OF THE LEASED FEE INTEREST IN
41-575 INOAOLE STREET, WAIMANALO, HAWAII;**

**S.C.R. 10 APPROVING THE SALE OF THE LEASED FEE INTEREST IN
41-543 INOA STREET, WAIMANALO, HAWAII;**

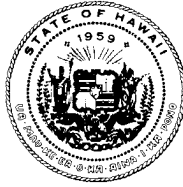
**S.C.R. 11, S.D. 1 APPROVING THE SALE OF THE LEASED FEE INTEREST IN
94-944 MEHEULA PARKWAY, NO. 153, MILILANI, HAWAII; and**

**S.C.R. 12 APPROVING THE SALE OF THE LEASED FEE INTEREST IN
95-015 KUAHELANI AVENUE, NO. 319, MILILANI, HAWAII.**

Chair Luke and Members of the House Committee on Finance.

DBEDT supports S.C.R. 8, S.D. 1, S.C.R. 9, S.C.R. 10, S.C.R. 11, S.D. 1, and S.C.R. 12, all part of the Administration's legislative package. HHFDC is seeking legislative approval to sell the leased fee interest in these homes to their respective leasehold owners. HHFDC has met all statutory prerequisites to request approval of the sale of these parcels.

Accordingly, DBEDT respectfully requests that the Committee pass these concurrent resolutions. Thank you for the opportunity to testify.



STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
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IN REPLY REFER TO:

Statement of
Craig K. Hirai
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON FINANCE

April 27, 2015 at 2:00 p.m.
State Capitol, Room 308

In consideration of
**S.C.R. 9 APPROVING THE SALE OF THE LEASED FEE INTEREST IN
41-575 INOAOLE STREET, WAIMANALO, HAWAII; and
S.C.R. 10 APPROVING THE SALE OF THE LEASED FEE INTEREST IN
41-543 INOA STREET, WAIMANALO, HAWAII.**

The HHFDC supports S.C.R. 9 and S.C.R. 10. HHFDC is seeking legislative approval to sell the leased fee interest in these single family homes to their respective leasehold owners. These properties were built in 1975 as part of the Hale Aupuni affordable for-sale development. Only 20 homes out of the 190 homes in the development remain in leasehold. The fair market values of the leased fee interest in these properties as of June 1, 2014 are as follows:

- 41-575 Inoaole Street -- \$128,200; and
- 41-543 Inoa Street -- \$119,100.

Title searches conducted by Title Guaranty of Hawaii on September 4, 2014, showed that these parcels were classified as Government lands previous to August 15, 1895.

HHFDC conducted a public meeting on the proposed sale on September 9, 2014, at Waimanalo School Cafeteria, Waimanalo, Hawaii, following publication of notice in the Honolulu Star-Advertiser newspaper on September 5 and 9, 2014. There was no objection to the proposed sale raised at that time.

HHFDC has also worked with the Office of Hawaiian Affairs during the interim to keep them informed of these findings and intent to sell the leased fee interest in these parcels. Copies of the draft resolutions were provided to OHA on September 30, 2014.

We respectfully request your favorable consideration of these concurrent resolutions. Thank you for the opportunity to testify.



SCR9
APPROVING THE SALE OF THE LEASED FEE INTEREST IN 41-575 INOAOLE STREET,
WAIMANALO, HAWAII.
House Committee on Finance

April 27, 2015

2:00 p.m.

Room 308

The Office of Hawaiian Affairs (OHA) offers the following **COMMENTS** on SCR9, which approves the sale of the leased fee interest in a single-family home in the Hale Aupuni affordable housing project. While the lands identified for the sale of the leased fee interest in SCR9 are “ceded” lands, the proposed sale falls within an OHA Board of Trustees (BOT) Executive Policy which provides that OHA will not oppose such a resolution. Accordingly, **OHA does not oppose the sale of this leased fee interest.**

SCR9 has been offered for consideration by the Legislature in accordance with Act 176, Session Laws of Hawai‘i 2009, as amended. Among other things, Act 176 requires a two-thirds approval by both houses of the Legislature before any specific lands controlled by the State can be sold (including, but not limited to, “ceded” lands.)

In general, sales of “ceded” lands raise significant concerns for OHA and its beneficiaries, because the Native Hawaiian people’s unrelinquished claims to “ceded” lands have yet to be resolved. In response to Act 176 (2009) and Act 169 (2011), the BOT adopted a “Ceded Lands” policy which states as follows:

OHA reaffirms its policy to protect the ceded lands corpus until the unrelinquished claims of Native Hawaiians are resolved, and OHA shall oppose the alienation of any ceded lands by the State of Hawai‘i, except in the following limited situations . . . (1) OHA shall not oppose a resolution submitted to the Hawai‘i State Legislature pursuant to Act 176 (2009) and Act 169 (2011) for the sale of fee simple interest of apartments, townhouses, and houses for home ownership, where . . . [2] there have been prior sales in the same development to the extent that the units have previously been substantially sold, or [3] sales of the fee simple interest were approved by the responsible state housing agency prior to the filing of the lawsuit *OHA v. Hawaii Finance and Development Corporation*, Civil No. 94-4207-11, First Circuit Court, State of Hawai‘i, November 4, 1994. (emphasis added).

While SCR9 proposes the sale of “ceded” lands, consistent with the policy exceptions cited above, OHA does not oppose the proposed sale of the leased fee interest at 41-575 Inoaole Street, for the following reasons:

- As of 2014, 171 of 190 of the total units in Hale Aupuni have had the fee simple interest sold (89% sold), indicating that units “in the same development . . . have previously been substantially sold”; and
- On January 12, 1990, the Housing Finance and Development Corporation (predecessor of the current Hawai‘i Housing Finance and Development Corporation) Board of Directors voted unanimously to approve the sale of the fee simple interest in Hale Aupuni. Accordingly, the Housing Finance and Development Corporation, as “the responsible state housing agency,” approved the sale of the fee interest in Hale Aupuni prior to the filing of the *OHA v. HFDC* lawsuit on November 4, 1994.

Therefore, OHA does not oppose the proposed sale in SCR9. Mahalo for the opportunity to testify on this measure.